

TOP SECRET

1039

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## GENERAL

1. US views on Yugoslav-Greek relations--The Department of State has suggested that US Embassy Belgrade express to Yugoslav officials the satisfaction of the US Government regarding Tito's recent declaration on closing the Greek frontier, as well as the hope that this policy statement will be implemented immediately by concrete measures. In order to confirm the announced cessation of Yugoslav aid to the guerrillas, the Department also suggests that Tito be requested to allow a "routine" inspection trip of the Greek border by western military attaches in Belgrade. The Embassy may also indicate that the immediate advantages to Yugoslavia of a positive rapprochement with Greece include: (a) resumption of normal commercial relations; (b) re-opening of a Yugoslav Free Zone in Salonika; and (c) restoration of Salonika-Belgrade rail communications. The Department, in pointing out that the Greek Government has expressed its willingness to negotiate these matters with Tito, sees no objection to the Embassy's sounding out possible Yugoslav reaction to Greek overtures or to supporting a Greek demarche if and when it is made.

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## FAR EAST

2. CHINA: Stuart thus far unable to obtain exit permits--US Ambassador Stuart reports that he is encountering difficulties in obtaining exit permits for himself and party and may not be able to depart from China on 18 July as planned. He states that Communist authorities insist on a guarantee from a local firm specifying that the departing foreigner has left no debts, unpaid taxes, or pending civil or criminal charges. Stuart expresses his growing concern over the difficulty of finding local guarantors for members of his party and fears that even in his own case the requirement may not be waived.

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 NO CHANGE IN CLASS. ☐  
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